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Dear Greg,

Thank you for your letter of 23 July regarding public investment in R&D. I was pleased to see that you welcome the recent Innovation Strategy, which puts innovation at the heart of building back better as a key pillar in our Plan for Growth as we seek to boost levels of private sector investment in R&D.

The Innovation Strategy demonstrates this government's commitment to restoring Britain's place as a science superpower, and we are backing it up with record public investment.

This year UK Government R&D funding is increasing to its highest level in four decades: £14.9 billion in 2021/22. That includes our association to Horizon Europe. Although the terms set by the EU for the UK's participation in Horizon Europe involve significant upfront payments, participation in the scheme will bring significant benefits to UK science in future years, giving UK scientists and innovators access to the largest collaborative funding scheme in the world.

You rightly point out that Government committed to investing £22bn in R&D at Budget 2020. As the Prime Minister reiterated in the Daily Telegraph on 21 June 2021, we will be *"increasing government spending to £22 billion for scientific research of all kinds; and we need to use those billions of state spending to leverage in the many more billions of the markets"*. This increase in public investment will help us deliver on our target to increase total public and private UK R&D investment to 2.4 per cent of Gross Domestic Product by 2027.

Through the Innovation Strategy, the government will ensure government procurement plays its role in providing a route to market for innovative new products and services, and will consult on how regulation can ensure the UK is well-placed to extract the best value from our innovation.

Further measures, as set out in the Innovation Strategy, to leverage increased private investment will include new 'innovation missions'. These will set clear direction, urgency and pace on the issues confronting the UK that we want to tackle in partnership with the private sector in the coming years. The government has highlighted 7 strategic technologies to prioritise and build on our existing R&D strengths, including clean technologies, robotics, genomics and AI, where the UK has globally competitive advantage and industrial strength.

We are also committed to innovating in how we undertake R&D. With thanks to you and your Committee we will soon pass legislation to enable us to establish the new Advanced Research and Invention Agency, which will focus on funding high-risk, high reward research in new and innovative ways. We have announced an independent review by Professor Sir Paul Nurse to assess the landscape of UK organisations undertaking all forms of research, development and innovation.

At the next Spending Review the government will set out its plans for future investment, including R&D. You will appreciate that the timing and scope of the next Spending Review is a matter for HM Treasury.

If you or your Committee have any further questions about the Innovation Strategy or our R&D investment this year, my officials would be glad to respond.

Yours sincerely,



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Secretary of State for Business, Energy and Industrial Strategy